



County of Los Angeles CHIEF EXECUTIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

September 18, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT NO. 1 TO LEASE NO. 74186
MUSEUM OF NATURAL HISTORY
3005 SOUTH GRAND AVENUE, LOS ANGELES
(FIRST DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the Amendment No. 1 to Lease No. 74186 with Danny Kim (Landlord) for the Museum of Natural History (MNH) to continue occupancy of 10,000 square feet of warehouse space at 3005 South Grand Avenue, Los Angeles, at a maximum initial annual cost of \$90,000 which will be a 100 percent net County cost.
2. Find that the proposed lease amendment is exempt from the provisions of the California Environmental Quality Act (CEQA), pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to extend the term of the current five-year lease, which will expire on October 31, 2007, for an additional five years.

MNH has embarked on a long-term strategic plan for making its collections more accessible to research and education entities, along with the general public. This lease is needed to insure the safety of the MNH's Invertebrate Paleontology collection, as well as portions of the Malacology and Vertebrate collections.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we enhance the quality and productivity of the County workforce (Goal 2). The proposed lease amendment supports this goal by providing a quality and efficient work environment for MNH's employees and storage for its collections. A quality and efficient work environment supports MNH staff in providing excellent service (Goal 1). Compliance with the County's Strategic Asset Management Principles is further outlined in Attached A.

FISCAL IMPACT/FINANCING

The initial annual rent of this proposed lease amendment is \$90,000. The rent will be subject to an annual adjustment based on the Consumer Price Index (CPI) not to exceed 4 percent.

3005 S. Grand Avenue, LA	Existing Lease	Proposed Lease Amendment	Change
Area (Square Feet)	10,000	10,000	None
Term (years)	Five years	Five years	None
Annual Base Rent	\$87,602 (\$8.76 sq. ft.)	\$90,000 (\$9.00 sq. ft.)	+\$2,398 (\$0.24 sq. ft.)
Option to Renew	None	None	None
Rental adjustment	Annual CPI capped at 4 percent	Annual CPI capped at 4 percent	None
Parking	Seven spaces	Seven spaces	None
Cancellation	Anytime after the 24 th month with 90 days notice	Anytime after the 24 th month with 90 days notice	None

Sufficient funding for the proposed lease amendment is included in the 2007-08 Rent Expense Budget and will be billed back to the MNH, which has allocated sufficient funds in its 2007-08 operating budget to cover the projected lease cost. While the lease is funded 100 percent from the County general fund, the MNH operation, including at this location, is funded jointly by the County general fund and Museum Foundation operating funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed facility will house MNH's collection and provide storage and research space. Although a ten-year lease term was proposed to the Landlord, he would only agree to a five-year lease term. The terms of the proposed lease amendment are as follows:

- The five-year lease term commences November 1, 2007 and expires on October 31, 2012.

- The Lease is a split service agreement, whereby the County will be responsible for all janitorial and utilities expenses and the Landlord will be responsible for all remaining operating and maintenance expenses.
- The Lease has a cancellation right at anytime after the 24th month with 90 days prior written notice to the Landlord.
- There are seven parking spaces included in the rental rate.

The Chief Executive Office (CEO) Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically and there are no County-owned or leased facilities available for this requirement. Attachment B shows all County owned and leased facilities within the surveyed area. Based upon the survey, staff has established that the annual rental rate in the South Los Angeles area is between \$8.40 and \$12.00 per square foot on a split service gross lease. Therefore, the base annual rate of the proposed lease, at \$9.00 per square feet, is within the market range.

The MNH Research and Collection Branch utilize the space as a permanent collection storage location to conduct collection research and public programs. In keeping with Department of Public Works guidelines, no MNH staff is assigned to the facility as a home base.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CEO has performed an initial study of environmental factors and has concluded this project is exempt from the provisions of the CEQA, pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987 and Section 15061 (b) (3) of the State CEQA Guidelines.

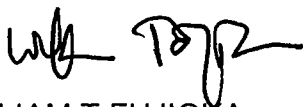
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will provide the necessary warehouse space for this County requirement.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return three original copies of the executed lease and three certified copies of the minute order, and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'WTF' followed by a stylized flourish.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DL:JSE
CM:PY:hd

Attachments (3)

c: County Counsel
Auditor-Controller
Museum of Natural History

**MUSEUM OF NATURAL HISTORY
3005 SOUTH GRAND AVENUE, LOS ANGELES**

Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
A	Does lease consolidate administrative functions? ²				X
B	Does lease co-locate with other functions to better serve clients? ²				X
C	Does this lease centralize business support functions? ²				X
D	Does this lease meet the guideline of 200 sq.ft of space per person? ²				x
2.	<u>Capital</u>				
A	Should this program be in leased space to maximize State/Federal funding?			X	
B	If not, is this a long term County program?		X		
C	Is it a substantial net County cost (NCC) program? 100%		X		
D	If yes to 2 B or C; is it a capital lease or an operating lease with an option to buy?			X	
E	If no, are there any suitable County-owned facilities available?			X	
F	If yes, why is lease being recommended over occupancy in County-owned space?				X
G	Is Building Description Report attached as Attachment B?		X		
H	Was build-to-suit or capital project considered			X	
3.	<u>Portfolio Management</u>				
A	Did department utilize CEO Space Request Evaluation (SRE)?		X		
B	Was the space need justified?		X		
C	If a renewal lease, was co-location with other County departments considered?		X		
D	Why was this program not co-located?				
	1. ___ The program clientele requires a "stand alone" parking area.				
	2. <u>X</u> No suitable County occupied properties in project area.				
	3. <u>X</u> No County-owned facilities available for the project.				
	4. ___ Could not get City clearance or approval.				
	5. ___ The Program is being co-located.				
E	Is lease a full service lease? ² Landlord is unwilling to take responsibility for janitorial service and utilities.			X	
F	Has growth projection been considered in space request?		X		
G	Has the Dept. of Public Works completed seismic review/approval?		X		
	¹ As approved by the Board of Supervisors 11/17/98				
	² If not, why not?				

MUSEUM OF NATURAL HISTORY 3005 SOUTH GRAND AVENUE, LOS ANGELES

SPACE SEARCH- NORTHEAST LOS ANGELES

LACO	FACILITY NAME	ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP
C760	DPSS-EAST L A GROW EMPLOYMENT SERVICES CENTER	2200 N HUMBOLDT ST, LOS ANGELES 90031	23655	17554	LEASED
A424	DPSS-EQUITABLE PLAZA BUILDING	3435 WILSHIRE BLVD, LOS ANGELES 90010	65872	62578	LEASED
A532	HEALTH-WILSHIRE METROPLEX BUILDING	3530 WILSHIRE BLVD, LOS ANGELES 90010	113027	101920	LEASED
A578	AUDITOR - SHARED SERVICES INITIATIVE	3470 WILSHIRE BLVD, LOS ANGELES 90010	11400	10830	LEASED
A336	SHERIFF-WILSHIRE CENTRE BUILDING	3055 WILSHIRE BLVD, LOS ANGELES 90010	7755	7115	LEASED
A336	SHERIFF-WILSHIRE CENTRE BUILDING	3055 WILSHIRE BLVD, LOS ANGELES 90010	7755	7115	LEASED
A369	DCFS-PROCUREMENT AND SPECIAL SERVICES OFFICE	501 SHATTO PL, LOS ANGELES 90020	17751	15976	LEASED
A408	DCFS-THE U S BORAX BUILDING	3075 WILSHIRE BLVD, LOS ANGELES 90010	132488	105568	LEASED
A413	HUMAN RESOURCES-WILSHIRE SQUARE TWO BUILDING	3333 WILSHIRE BLVD, LOS ANGELES 90010-4109	76304	65438	LEASED
A425	DCFS-DEPARTMENTAL HEADQUARTERS BUILDING	425 SHATTO PL, LOS ANGELES 90020	80756	76065	LEASED
X317	DCSS-LE SAGE COMPLEX 4 STORY BUILDING	3175 W 6TH ST, LOS ANGELES 90020	52230	42341	OWNED
X510	PARKS & REC-LE SAGE COMPLEX 2 STORY BUILDING	510 S VERMONT AVE, LOS ANGELES 90020	31540	24835	OWNED
X550	MENTAL HEALTH-LE SAGE COMPLEX TOWER	550 S VERMONT AVE, LOS ANGELES 90020-1991	171651	149668	OWNED
Y193	PARKS & RECREATION-HEADQUARTERS BUILDING	433 S VERMONT AVE, LOS ANGELES 90020	31862	21777	OWNED
B695	HEALTH-IMMUNIZATION PRGM/ENVIRONMENTAL HEALTH	695 S VERMONT AVE, LOS ANGELES 90010	58572	54930	LEASED
C660	DPSS-GAIN PROGRAM REG IV/ MEDI-CAL OUTSTATION	2910 W BEVERLY BLVD, LOS ANGELES 90057	120327	33635	LEASED
A600	CENTRAL CIVIL WEST COURTHOUSE	600 S COMMONWEALTH AVE, LOS ANGELES 90005	208799	156237	LEASED
B500	DHS-WORKFORCE DEVELOPMENT PROGRAM	500 S VIRGIL AVE, LOS ANGELES 90020	8000	7200	PERMIT
A360	DPSS-METRO NORTH AP/ CALWORKS DISTRICT OFFICE	2601 WILSHIRE BLVD, LOS ANGELES 90057	62000	60140	LEASED
B922	DPSS-WILSHIRE SPECIAL DISTRICT OFFICE	2415 W 6TH ST, LOS ANGELES 90057	46228	42065	LEASED
S353	DPSS-METRO SPECIAL DISTRICT OFFICE	2707 S GRAND AVE, LOS ANGELES 90007	115242	89650	OWNED
6518	THE ADAMS & GRAND BUILDING	2615 S GRAND AVE, LOS ANGELES 90007	215439	183874	OWNED
A388	ALT PUBLIC DEF-WILSHIRE-BIXEL BUILDING	1055 WILSHIRE BLVD, LOS ANGELES 90017	6500	6175	LEASED
S266	METROPOLITAN COURTHOUSE	1945 S HILL ST, LOS ANGELES 90007	303434	125469	FINANCED
0155	STANLEY MOSK COURTHOUSE	111 N HILL ST, LOS ANGELES 90012	794459	441761	OWNED
0181	KENNETH HAHN HALL OF ADMINISTRATION	500 W TEMPLE ST, LOS ANGELES 90012-2713	958090	591457	FINANCED
3155	PERFORMING ARTS CTR-DE LISA BLDG/THE ANNEX	301 N GRAND AVE, LOS ANGELES 90012	27582	17978	OWNED
S456	HEALTH SERVICES ADMINISTRATION BUILDING	313 N FIGUEROA ST, LOS ANGELES 90012	221359	134851	OWNED
S546	DHS-CENTRAL PUBLIC HEALTH CENTER	241 N FIGUEROA ST, LOS ANGELES 90012	60924	34748	OWNED
A159	DISTRICT ATTORNEY-FIGUEROA PLAZA	201 N FIGUEROA ST, LOS ANGELES 90012	87810	83420	LEASED
A429	CAO-REAL ESTATE DIVISION/ SERVICE INTEGRATION	222 S HILL ST, LOS ANGELES 90012	29013	26082	LEASED
A442	MENTAL HEALTH-LAPD - SMART TEAM OFFICE	419 S SPRING ST, LOS ANGELES 90013	1000	1000	GRATIS USE
A627	COUNTY COUNSEL - WORKER'S COMP/PROBATE	350 S FIGUEROA AVE, LOS ANGELES 90071	14832	14090	LEASED
A632	PUBLIC DEFENDER-PIAS ET. AL	312 S HILL ST, LOS ANGELES 90012-3503	9782	9293	LEASED
0101	HALL OF JUSTICE (NOT HABITABLE)	211 W TEMPLE ST, LOS ANGELES 90012	570811	306487	OWNED
0142	EL PUEBLO REDEVELOPMENT PROPERTY-PLAZA HOUSE	507 N MAIN ST, LOS ANGELES 90012	15618	11154	OWNED
0143	EL PUEBLO REDEVELOPMENT PROPERTY-VICKREY BLDG	501 N MAIN ST, LOS ANGELES 90012	34350	29710	OWNED
0144	EL PUEBLO REDEVELOPMENT PROPERTY-OLD BRUNSWIG	510 NEW HIGH ST, LOS ANGELES 90012	35683	22753	OWNED
0156	HALL OF RECORDS	320 W TEMPLE ST, LOS ANGELES 90012	438095	258537	OWNED
3154	CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTR	210 W TEMPLE ST, LOS ANGELES 90012	1036283	399535	FINANCED
Y356	EL PUEBLO REDEVELOPMENT PROPERTY-GAS CO BLDG	111 REPUBLIC ST (AKA 502 NEW HIGH), LOS ANGELES 90012	16517	14524	OWNED
Y013	DPSS-CIVIC CENTER DISTRICT/GROW CENTER OFFICE	813 E 4TH PL, LOS ANGELES 90013	39956	25158	OWNED
S979	CENTRAL ARRAIGNMENT COURTHOUSE	429 BAUCHET ST, LOS ANGELES 90012	83692	30638	FINANCED
C863	MED CTR-PATIENT FINANCIAL SERVICES OFFICE	1910 N MAIN ST, LOS ANGELES 90031	13300	8919	LEASED
S260	CORONER-ADMINISTRATION / INVESTIGATIONS BLDG	1102 N MISSION RD, LOS ANGELES 90033	22479	14251	OWNED
0808	MED CTR-OLD ADMINISTRATION BUILDING	1100 N MISSION RD, LOS ANGELES 90033	18651	11430	OWNED
0837	MED CTR-PERSONNEL OFFICE BUILDING	1200 N STATE ST, LOS ANGELES 90033	2980	1761	OWNED
0838	MED CTR-QUALITY ASSURANCE UTILIZATION REVIEW	1200 N STATE ST, LOS ANGELES 90033	2980	2341	OWNED
S699	MED CTR-CHAPLAIN'S CENTER	1200 N STATE ST, LOS ANGELES 90033	1940	1454	OWNED
T226	MED CTR-LOCAL WORKER HIRING PROGRAM BLDG 304	1200 N STATE ST, LOS ANGELES 90033	1440	1200	OWNED
T541	MED CTR-HOME CARE TRAILER T-4	1200 N STATE ST, LOS ANGELES 90033	1376	1223	OWNED
T542	MED CTR-PATIENT FINANCIAL SERVICES T-5	1200 N STATE ST, LOS ANGELES 90033	10512	7872	OWNED
T544	MED CTR-QUALITY ASSURANCE/UTILIZATION REVIEW	1200 N STATE ST, LOS ANGELES 90033	4334	3629	OWNED
T546	MED CTR-PATIENT FINANCIAL SVCS OFFICE T-16	1240 N MISSION RD, LOS ANGELES 90033	5190	4095	OWNED
T547	MED CTR-PATIENT FINANCIAL SERVICES T-15	1240 N MISSION RD, LOS ANGELES 90033	2588	1967	OWNED
T555	MED CTR-PATIENT FINANCIAL SERVICES T-17	1200 N STATE ST, LOS ANGELES 90033	4661	3482	OWNED
T556	MED CTR-PATIENT FINANCIAL SERVICES TRAILER	1200 N STATE ST, LOS ANGELES 90033	2973	2461	OWNED
T556	MED CTR-PATIENT FINANCIAL SERVICES TRAILER	1200 N STATE ST, LOS ANGELES 90033	2973	2461	OWNED
T620	MED CTR-EMERGENCY MEDICAL SVCS TRAILER T-18	1200 N STATE ST, LOS ANGELES 90033	1200	1049	OWNED
3100	NORTHEAST JUVENILE JUSTICE CENTER BLDG-1	1601 EASTLAKE AVE, LOS ANGELES 90033	47379	26024	OWNED
3102	JUVENILE HALL-ADMINISTRATION BUILDING-4	1605 EASTLAKE AVE, LOS ANGELES 90033	75907	33945	OWNED
3374	PW CENTRAL YARD-SURVEY OFFICE (CLOSED)	1525 ALCAZAR ST, LOS ANGELES 90033	2219	1616	OWNED
4799	PW CENTRAL YARD-DIVISION ADMINISTRATION	1525 ALCAZAR ST, LOS ANGELES 90033	10438	7224	OWNED
4946	MED CTR-INTERNS & RESIDENTS BUILDING	2020 ZONAL AVE, LOS ANGELES 90033	142448	79494	OWNED
C110	MED CTR-EXPENDITURE MANAGEMENT	2064 MARENGO ST, LOS ANGELES 90033	9602	7010	LEASED
C111	MED CTR-EXPENDITURE MANAGEMENT ANNEX	1063 N CHICAGO ST, LOS ANGELES 90033	3338	1823	LEASED
X294	PW CENTRAL YARD-SHOP OFFICE BLDG	2275 ALCAZAR ST, LOS ANGELES 90033	1400	1260	OWNED
1491	DHS-CREMATORY OFFICE/RESIDENCE	3301 E 1ST ST, LOS ANGELES 90063	1517	1106	OWNED
6304	PROBATION-CRENSHAW AREA OFFICE	3606 W EXPOSITION BLVD, LOS ANGELES 90016	19112	14020	OWNED
6304	PROBATION-CRENSHAW AREA OFFICE	3606 W EXPOSITION BLVD, LOS ANGELES 90016	19112	14020	OWNED
6722	PUBLIC LIBRARY-VIEW PARK LIBRARY	3854 W 54TH ST, LOS ANGELES 90043	6983	6130	OWNED

**AMENDMENT NO. 1 TO COUNTY LEASE NO. L-74186
NATURAL HISTORY MUSEUM
3005 SOUTH GRAND AVENUE, LOS ANGELES, CALIFORNIA**

This Amendment No. 1 to Lease No. L-74186 ("Amendment No. 1") is made and entered into this _____ day of _____, 2007, by and between Danny Kim ("Lessor"), and the COUNTY OF LOS ANGELES, a body politic and corporate ("Lessee"),.

WHEREAS, Lessor, and Lessee entered into that certain County Lease No. L-74186 dated October 15, 2002, whereby Lessor leased to Lessee approximately 10,000 rentable square feet of warehouse space in the building located at 3005 South Grand Avenue, Los Angeles, California ("Original Premises"), for a term of five (5) years ("Initial Term") from November 1, 2002 to October 31, 2007; and

WHEREAS, The Initial Term for the Premises will expire on October 31, 2007; and

WHEREAS, Lessor and Lessee desire to amend the Lease for the purpose of extending the Term of the Lease and modifying certain provisions of the Lease pursuant to the terms and conditions of the Lease and this Amendment No. 1; and

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants, and agreements hereinafter contained, Lessor and Lessee hereby covenant and agree to amend County Lease No. L-74186 as amended as follows:

1. Paragraph 2. TERM, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

Term. The term of this Lease shall be for a period of five (5) years commencing on November 1, 2007 and terminating on October 31, 2012.

2. Paragraph 3. RENT, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

Rent. Lessee hereby agrees to pay as rent for the Premises the sum of Seven Thousand Five Hundred Dollars (\$7,500) per month, i.e. Seventy Five Cents (\$0.75) per rentable square foot per month for months One (1) through Twelve (12) of the Lease Term. A monthly installment in the same amount, subject to the adjustments described herein below, shall be due and payable without demand on or before the first day of each calendar month succeeding the Commencement Date hereof during the Term, except that Rent for any fractional calendar month at the commencement or end of the Term shall be prorated on a daily basis. Landlord shall file a payment voucher with the Auditor of the County of Los Angeles (the "County") for the monthly Rent prior to the Commencement Date for the initial month(s) of the Term up to and including June, and annually thereafter in June for the ensuing twelve (12) months.

(a) CPI. From and after the 1st anniversary of the Commencement Date, on the first day of the first full calendar month thereafter (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Base Rent shall be adjusted by applying the CPI Formula set forth below. The "Base Index" shall be the Index (as defined in section 5(b)) published for the month the Lease commences.

(b) CPI Formula. The Index means the Consumer Price Index for all Urban Consumers for the Los Angeles-Riverside-Orange County, CA area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "Base Index" shall be the Index published for the month the Lease commences. The "CPI Formula" means Base Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective (the "New Index"), and the denominator being the Base Index. If the Index is changed so that the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

(c) Illustration of CPI Formula. The formula for determining the new rent shall be as follows:

$$\frac{\text{New Index}}{\text{Base Index}} \times \$7,500.00 \text{ (Base Rent)}$$

= New Monthly Base Rent

(d) Limitations on CPI Adjustment. In no event shall the monthly Base Rent adjustment based upon the CPI Formula result in an annual increase more than four percent (4%) per year of the Base Rent of Seven Thousand Five Hundred Dollars (\$7,500.00) (i.e. not more than \$300.00 per month, per annual adjustment). In no event shall the monthly rent be adjusted by the CPI Formula to result in a lower monthly Base Rent than was payable during the previous year of the Lease.

3. Paragraph 17. INSURANCE, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

(a) Lessor's Insurance. During the term of this Lease, Lessor shall maintain the following insurance:

(i) Commercial property insurance which shall (1) cover damage to Lessor's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value

(ii) Comprehensive General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$4,000,000; (2) products/completed operations aggregate of \$2,000,000 and (3) personal and advertising injury of \$1,000,000.

(iii) Failure by Lessor to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease shall constitute a material breach of this Lease.

(b) Insurance Requirement. All insurance policies required to be maintained by Lessor under this Lease shall be issued by insurance companies which have a Best's Rating of "AVII" or better and which are qualified to do business in the State of California.

Certificates. Lessor shall deliver to Lessee on the Commencement Date of this Lease and thereafter at least fifteen (15) days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates must document that Lessee has named as an additional insured (or its equivalent) on its general liability and property insurance policy, and that Lessee has been named a loss payee on Lessor's commercial property insurance policy, as required.

Further, all certificates shall expressly provide that no less than thirty (30) days prior written notice shall be given to Lessee in the event of material change to, expiration or cancellation of the coverage or policies evidenced by the certificates.

(c) Waiver of Subrogation. Lessor and Lessee each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder. Lessor shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Lessee.

4. Notwithstanding anything to the contrary, all of the terms and conditions contained in this Lease shall remain in full force and effect. In the event of a conflict between the Lease and this Amendment No. 1, the terms of Amendment No. 1 shall control.

5. Each of the undersigned signatories for the Lessor personally covenant, warrant, and guarantee that each of them, jointly and severally, have the power and authority to execute this Lease upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Lessee from all damages, costs, and expenses, which result from a breach of this mutual representation.

6. This Amendment No. 1 contains the entire agreement of the parties with respect to the subject matter contained herein and supersedes any and all prior agreements of Lessor and Lessee with respect to the Premises.

7. All undefined terms when used herein shall have the same respective meanings as are given under the Lease as amended unless expressly provided otherwise in this Amendment No. 1.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 1 or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Amendment No. 1 to be executed on its behalf by the Chair of said Board and attested to by the Clerk thereof the day, month, and year first above written.

LESSOR:

By [Signature]
Name Danny Dongki Krom
Title Owner

By _____
Name _____
Title _____

LESSEE:

COUNTY OF LOS ANGELES



By [Signature]
ZEV YAROSLAVSKY
Chairman, Board of Supervisors

ATTEST:
Sachi A Hamai
Executive Officer-Clerk
of the Board of Supervisors

I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

By [Signature]

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By [Signature]
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
COUNTY COUNSEL

By [Signature]
Stephanie Brody
Senior Associate County Counsel

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

12

SEP 18 2007

[Signature]
SACHI A. HAMAI
EXECUTIVE OFFICER